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INTERNAL NEWSLETTER OF THE EKORNES GROUP. NO. 2 – MAY 2011

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We often use the term “the Ekornes family” to describe the Group’s workforce. The term captures the idea that those of us who work at Ekornes are more than simply fellow employees of the same company. The concept of “family” says that we care about each other, look out for each other and want the best for each other. I know that many people feel this is an accurate description, while others do not recognise it as applying to their particular situation. Though I personally understand both views, my goal is that we should do what we can to nurture and enhance the values that support a family feeling.

We are one big family, and we are making every effort to become bigger and bigger through continuous growth and development. Some family members work at our sales office in Tokyo, and they are going through a difficult time in the aftermath of earthquakes, the tsunami and radiation from damaged nuclear power plants. Many of our staff in Norway and elsewhere abroad have expressed their enormous sympathy with their fellow employees in Japan and what they are going through. Collections have been made at several Group companies to offer a helping hand and show that we care. The manager of our Tokyo office, Hajime Osawa, has asked me to convey his thanks for these kind gestures of support.

Being part of a family also involves mutual obligations. To ensure the wellbeing of all family members, we must recognise those obligations. In practical terms day-to-day, this can involve many things, some of which I would like to mention here.

Our production plants depend entirely on the efforts of the sales companies to ensure that orders stream in and provide sufficient work. But if the sales companies are to meet their obligations to the plants, the plants must also keep their end of the bargain. Their most fundamental obligation is to manufacture products of the right quality at the right time. Delivering poor quality in an untimely manner is the surest possible way to put a spanner in the works being carried out in the market. Each member of the family has a responsibility to uphold.

The company also has a clear obligation to provide its employees with adequate physical working conditions, pay for work performed and provide opportunities for employees to take breaks. On the other hand, employees have an equally clear obligation to comply with the defined guidelines for breaks, and not drag out the time so the company is deprived of the labour it is paying for. Arriving on time and putting in a full day’s work go without saying, so I don’t need to mention that here.

The company has a clear obligation to provide the necessary tools and materials, so that employees can make efficient use of their working day. On the other hand, employees have an equally clear obligation to look after the tools provided and use the materials in ways that ensure the company does not suffer financial loss. An example of this is the importance of making the most out of the expensive leather we use in production. Here, the individual employee’s attitudes and actions make a huge difference.

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Our managers have a crystal clear obligation to take care of their staff. This includes a concern for the individual’s welfare, where possible involving employees in the decision-making process, and generally treating employees with respect. Equally crystal clear is the individual employee’s obligation to respect management’s decisions and comply with the workplace regulations that management adopts.

I hope my reflections on Ekornes as a big family can help to motivate us all to carry on nurturing good family relations in the time ahead. It will provide the best foundation for continued growth and development.
Power cuts halt production

Large parts of Sunnmøre were without electricity on Thursday, 7 April. Ekornes was affected, too.

Successive power failures hit Sunnmøre and the northern part of Sogn og Fjordane at 6.23 a.m. and again at 7.28 a.m. According to the Norwegian national grid operator, Statnett, the power outages were probably due to high winds, causing the phases along the transmission lines between Sunndalsøra and Ørskog to come into contact with each other. By 9 a.m. power had been restored to all subscribers in the affected area.

When the power failed, all production at Sykkylven, Hareid and Grodås came to a halt. According to Director, Stressless® Division Ola Arne Ramstad, the power outages also led to considerable problems when the production equipment was started up again. At the foamed plastic plant, production on one line was not restarted until mid-morning the following day.

“Our staff worked really hard, and eventually succeeded in solving the problems. The production delays caused by the power outages were made up over the course of a few days.”

The power failure also caused the IT department some additional work. One of the diesel generators, intended to supply Ekornes’s critical data points, did not start, which meant it took an extra hour to get the computer system back online again. A backup power system is being installed at the new logistics centre at J.E. Ekornes in Sykkylven, but unfortunately it had not gone into operation when the general power outage occurred. When the installation is complete, Ekornes will be better equipped to withstand any future power cuts.

Technological milestone for Ekornes

The world’s first robot capable of sewing elastic materials has been in operation at J.E. Ekornes in Sykkylven since March this year. And according to the project manager, this is only the beginning.

After several years of research and development Norwegian furniture manufacture has reached a milestone. At J.E. Ekornes in Sykkylven, which houses the country’s largest sewing department, the new robot effortlessly sews bases for Stressless® Jazz and Blues. The robot was supplied by Amatec of Sykkylven, and is the first of its kind in the world.

The challenge has been to teach a robot to sew elastic and soft materials. But this robot sews together leather, fibre and lining textiles, and can thereby produce the entire covering for the base. Its capacity is around 120 units per day. Investment in automation and competence enhancement has been an important strategy to keep manufacturing in Norway.

The automated sewing project got underway in 2005. Since then, experts from several countries have contributed to the development of the new technology.

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There are many ways to contribute to a pleasant working environment. Trygve Ebbesvik is general manager of Personalomsorg, a company dedicated to personnel care. He believes one of the most important things we can do is to see each other. “By seeing each other I mean that we must make time for those around us on a day-to-day basis,” he explains. He is particularly keen on the creation of a good feedback culture in the workplace – of both the positive and negative kind.

Grandma’s law

The law is simple: catch the children doing something good, and let them know it. Grandparents are unbeatable at doing this, and that is why it is called “grandma’s law”.

It is not simply a matter of seeing what they do, but of saying so, too. “I see that you are doing your homework, Anne. That’s great!” It is precisely this quality that grandmothers often have that Ebbesvik wants to see more of in the workplace.

“Make it clear that you see your colleagues, and that you appreciate what they are doing,” he says.

“Another great term is to “talk people up”, which is all about talking positively to and about those around us. Ebbesvik thinks that good feedback must be clear, with no hidden agendas. In this way we can also correct each other when necessary in a positive way.

Care on many levels

In Ekornes’s objectives and values, it says that personnel management and conflict resolution shall, in principle, be exercised as close as possible to the employee, normally by their immediate supervisor. For the past decade Ebbesvik has been providing support in the field of personnel care at Ekornes, and can act as an advisor for managers with personnel responsibilities. If you, as an employee, wish to talk to someone, you can go to your immediate supervisor or contact Ebbesvik directly.
Ekornes knew that the closure would be a severe blow for many people, and was concerned to reach out to each of those affected and offer someone to talk to. In this respect, Trygve Ebbesvik played an important role.

In addition to one-on-one conversations, everyone who was affected by the downsizing was entitled to apply for financial support to help them find alternative employment. The funds could be used to pay for computer courses, for example, or safety courses for those looking for work in the offshore oil and gas industry.

Hillgunn and Bjørg applied for, and were granted, funds to pay for safety courses. But in August of that year they both got jobs at Ekornes in Sykkylven. After that tough period they now want to tell Inside how well they were received at the Stressless® plant, and how easy it has been to become part of the new ‘family’.

“Trygve Ebbesvik believes that the ability to give and receive feedback in a positive way is a vital ingredient in the creation of a good working environment.”

Relief and happiness after a tough time

Bjørg Solli and Hillgunn Hauglund were both made redundant when the Ekornes’s Stranda plant closed down in April 2009. They agree that the prospect of unemployment, and an uncertain future, was an unpleasant feeling.

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“You did not notice any conflict between the Sykkylven employees and those who had come from Stranda? asks Ebbesvik.

“No, not at all! ‘Cause we both come from Helgeland,” they laugh almost in unison, before turning back to their work with the laser cutter.
The Stressless® gang was in high spirits, although their speed was less than supersonic.

The Ekornes table belonging to Stranda Revue Team took the prizes for both best time and "Best in Show."
As usual Ekornes fielded a strong team at this year’s Norwegian national furniture sledging championship, which took place at Strandafjellet on 19 March. Despite the heroic efforts of the product development department at J.E. Ekornes, the company’s entries were more Stressless® Slow than Stressless® Supersonic.

To celebrate the Stressless® recliner’s 40th anniversary in 2011, a Stressless® sledge was created for each of the past four decades. According to the pilots, the slope was not steep enough to build up sufficient speed, which meant some of them had to be dragged over the line. The jury, on the other hand, said the problem came from the design of the undercarriage, and was not particularly impressed by the product development department’s efforts this time. Since the armchair class consisted solely of Ekornes constructions, we still walked off with a prize.

The contraption that whizzed fastest down the slope was conceived by Dagfinn Johansen from J.E. Ekornes in Sykkylven, but he was representing Stranda Revue Team in the challenger class, with his design, “Senior Centre Ski Day”. Although the sledge was made of an Ekornes Party table from the ‘70s, the company could not claim any speed prize this year. The Party table also won the “Best in Show” prize.

With broken runners and feathers a-flying, the “Ugly Duckling” from Ekornes Fetsund staggered over the finishing line. However, the jury reckoned its entertainment value was so high that it deserved special recognition, and awarded it the fiasco prize.

With a fatal fall and feathers a-flying the “Ugly Duckling” was the deserving winner of the fiasco prize.

Pilot Ivar Jan Langlo had to resort to manpower to complete the course.
Managers attend development course

Stretching higher

"If we are to reach even higher targets we need capable, confident and motivated managers," says CEO Øyvind Tørlen. That is in part what has prompted Ekornes to organise a new management development programme.

Being a leader is challenging and the demands are increasing all the time. Although he recognises that there are many capable managers at all levels at Ekornes, CEO Øyvind Tørlen feels it is important to improve in this area, as in all others. The first group of managers embarked on the programme last autumn. Originally scheduled to last a year, it has now been extended.

Never fully trained as a leader
"Based on the experience gained so far in the development programme, we have decided to continue it in the years ahead, with at least one seminar each year focusing on a different issue each time. In this way we will have created a forum for continuous leadership development. And that is necessary, because you can never be fully trained as a leader," explains Mr Tørlen.

Participating in the management development programme are factory and production managers, department heads, shift managers and operating engineers at J.E. Ekornes AS and Ekornes Fetsund AS, as well as elected employee representatives and safety officers at all the plants. Through the development programme, managers at Ekornes will become even better equipped to handle and feel more comfortable with the challenges they face. Mr Tørlen is taking part in the programme himself, and is extremely positive.

Enthusiastic
"After completing the four seminars for the first group, I am even more enthusiastic about the programme than when we planned it. Through their wholehearted engagement, the participants have made the seminars extremely interesting and educational for me, too," he says.

Ekornes’s “Objectives and Values” provide a common thread throughout the programme, which focuses on how managers can realise these both with respect to personnel and production. In addition, improvement management is an important issue – how can change lead to improvement? Mr Tørlen is impressed by the efforts that have been made to stage the programme.

"I am extremely grateful for the job the work group has done in the preparation for and performance of the seminars, the interim work and the evaluation of each seminar."

The work group comprises Karin Håvik Eide, educational coordinator Ekornes ASA, Jon Einar Løvoll, production manager in the foamed plastic department at J.E. Ekornes AS and Trygve Ebbesvik of Personalomsorg AS.
Asian press visit

Ekornes, and the Stressless® brand, are the focus of interest around the world, and in mid-April the Sykkylven plant hosted a visit by a large group of Asian media representatives.

In the course of one week in April, Ekornes was visited by almost 20 journalists from Asia, most of them from Korea. The media event will result in Ekornes playing a key role in an edition of the financial and business programme Money Mind. The programme is aimed at senior executives and entrepreneurs in Asia, and is produced by Channel News Asia, from Singapore. This is a well-reputed English-language news channel that is broadcasted in large parts of Asia, the Middle East and Australia. The programme was recorded in April and will be aired in a prime-time slot in June. It therefore has the potential to achieve high viewing figures.

Unique coverage
The Asian journalists interviewed several of Ekornes’s managers, and were keen to learn more about the Group’s history, production, environmental awareness and, not least, its investment in the Asian market. In addition to interviews and plant tours, there was also time for a visit to the Ekornes Bua furniture exhibition centre and a fabulous boat trip to experience Sunnmøre’s unique landscape.

Doreen Lee, who is marketing manager for Ekornes Asia, was extremely positive about the media attention.

“This is a unique opportunity to show who we are to a vast audience. I think the coverage could help to strengthen our position and raise awareness of our brand among consumers in the Asian market,” she says.

Number of stores in Mexico doubled

Last year the Stressless® brand was introduced at ten of the Sears chain’s stores in Mexico, with the installation of Comfort Studios. The plan now is to double the number of stores in the second half of 2011.

Sears Mexico has a total of 70 stores. The introduction of Stressless® products has been a huge success in the country, with the support of the chain’s senior management. In February, all the chain’s store managers were gathered to get to know this year’s new models and innovations – and all were provided with new Stressless® shirts.
Product placement in Ohio

Everyone who visits Cincinnati Airport in Ohio, USA, passes a small exhibition of Stressless® products, courtesy of the three distributors Best Furniture, Bova Furniture and Riley’s Furniture.

Great graffiti

Ekornes partner Möbel Paeske in Oranienburg, just outside Berlin, is responsible for the unusually stylish decoration of this electricity substation. Implementing the design was conditional on it being painted by an acknowledged local graffiti artist, so that it would not be ruined by other sprayers.

Cool bus

During the skiing world championships at Garmisch Partenkirchen this shuttle-bus was seen – complete with Stressless® decor.

“l’m norsk”

Sons of Norway, clad for the occasion, provided their full support when Sparks Home Furnishings arranged a “Grand Opening” in Vancouver, WA, USA, on 26 March. Sparks is a large, family-owned store whose roots date back to 1882.

Palatial weekend for Stressless®

During the weekend of 18-21 March Ekornes Ltd. staged a major exhibition of Stressless® furniture in southwest England. The exhibition was held at the magnificent Palladian mansion Leigh Court, just outside Bristol.

In addition to the exquisitely comfortable furniture, guests could relax to music by a string quartet and enjoy a selection of refreshments. The exhibition covered 380 m², and visitors could view and try out various Stressless® chairs and sofas, including the new Stressless® Magic recliner, which was making its debut to British audiences.
From oil to water

A new water-based coating facility is on the verge of going into operation at Ekornes in Sykkylven. The plan is for the new facility to be in full operation by the summer.

New environmental requirements and emission limits have prompted the replacement of the coating facility at J.E. Ekornes at Ikornnes in Sykkylven. The new requirements have resulted in a switch from oil-based to water-based stains and sealants. “The reconfiguration is well underway, with new robots being installed since the start of the year,” explains coating robot operator Harry Ståle Eikemo.

In the period up until the summer holiday the stain colours will be carefully adjusted and tested, with good help from the supplier, so that they do not look any different than they did using oil-based stains. Harry Ståle is participating in the adjustment efforts, and is looking forward to seeing the new facility in full production.

“After each of the colours has been perfected, the new facility will probably be ready to go into ordinary production from the summer – without the use of traditional acid-cure sealants,” he says.

Alone in Norway
The transition to the new facility will also result in some changes in the production process. In addition to more robots in the department, water-based products require more sanding between applications. Three more employees will therefore be joining the department’s staff. The filter system which collects and cleans the surplus stain and sealant residues will also bring with it brand new technology – and the Ekornes plant is the only place in Norway where you will find it.

Chemicals Committee
Handling chemicals is a necessary part of some stages in Ekornes’s production cycle. For this reason, Ekornes has set up a Chemicals Committee to ensure that this is done in the best possible way.

The purpose of the Chemicals Committee is to ensure that the hazards, posed to both health and the environment by any new chemical substances to be used at J.E. Ekornes, are thoroughly evaluated.

In addition, the committee reviews chemical substances that are already in use to see if there are alternatives which pose a lower risk to both health and the environment. The Chemical Committee was set up two years ago, and covers the main plant at Ikornnes, as well as the Tynes and Vestlandske sites. The five permanent committee members are purchaser Irene Kirkeba Lund, Lisbet Fausa Tynes from the company health service, chief safety officer Roger Aure, HSE coordinator Knut Øystein Andreassen and safety manager/chemical engineer Johannes Terje Håskjold.

Online check
When the committee has approved a chemical substance it is entered into the ECOonline electronic database before it goes into use. The database includes a thorough overview of all the chemicals currently in use at J.E. Ekornes. If you are unsure about how a particular chemical should be used or handled, you can access the database from all Ekornes PCs, or by visiting the website www.ecoonline.no. Chemicals Committee member Johannes Terje Håskjold says everyone should take a look at the database, particularly if they have to handle chemicals as part of their job.

“If you cannot find what you are looking for at ECOonline, feel free to contact any member of the Chemicals Committee directly,” he says.
New distributor in India

Over the past few months Ekornes Asia has been negotiating with a new distributor in India. In the longer term this could be a huge market for Ekornes. Many major furniture brands are present in the country. And sales are rising.

Mr Maaruti Rao Tekumallaa is the largest furniture distributor in the south of India. He has a 25,000 m² retail outlet in Bangalore, and another store in Chennai. To cover the central regions, agreements are being entered into with local distributors, e.g. Dehli, Mumbai, Hyderabad, Coimbatore, Pune and Ahmedabad.

Visitors galore this year

This year Ekornes will host 20 groups of visitors to Sunnmøre, a total of 900 people. That is more than ever before.

The groups include participants from 12 different countries, and represent sales offices, distributors and the media. “Most start their visit at the Ekornes Bua furniture exhibition centre in Aalesund, and then continue on to the factory in Sykkylven. Some of them will also be squeezing in a trip to Geiranger,” says Ole Bjørn Roald of the marketing department. Ole Bjørn is the Group’s own “tourist guide” during the summer season.

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